

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
APRIL 8, 1993, 10:00 AM EST

The Members of the Department of Financial Institutions met at 10:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, April 8, 1993. Members present were Messrs. Mark Hasten, presiding, W. Paul Wolf, Anthony Zaleski, Jr., Douglas Grant, Daniel Leitch III, and Mrs. Dee Godme. Also present from the Department were Director Charles W. Phillips, J. Philip Goddard, Legal Counsel; Charles T. Stumpf, Administrative Assistant; James M. Cooper, Administrative Assistant, Mergers and Acquisitions; Randall L. Rowe, Bank Supervisor; Kirk J. Schreiber, Bank Analyst; Eric Roberts, Bank Analyst; Mark K. Powell, Supervisor, Credit Unions; and Janice L. Davis, Executive Secretary. Mr. Lowery was absent.

I. PUBLIC SESSION

- A.) Attendance
- B.) Date of next meeting: May 13, 1993, at **10:00 a.m. EST.**
- C.) A motion was made for approval of the minutes of the meeting held March 11, 1993, by Mrs. Godme, and seconded by Mr. Zaleski. The minutes were unanimously approved.
- D.) Director Phillips presented a resolution of appreciation for Eugene Deutsch to the Members for approval. A motion for approval of the resolution was made by Mrs. Godme and seconded by Mr. Grant. The resolution was unanimously approved.

DIVISION OF BANKS AND TRUST COMPANIES

- 1) **First Federal Savings and Loan Association of Richmond, Richmond, Wayne County, Indiana**
First Federal Savings and Loan Association of Richmond (First Federal) applied to the members of the Department of Financial Institutions for approval of a plan of mutual bank conversion pursuant to the provisions of IC 28-1-21.7-10. First Federal intends to convert to a mutual savings bank governed by the provisions of IC 28-6. The name of the converted institution will be "First Bank Richmond, S.B." The application was presented by James M. Cooper. The results of the most recent report of examination of First Federal Savings and Loan Association dated January 30, 1993, was reviewed by Mr. Cooper. The institution had a 11.83% tier one capital ratio and a return on assets of 1.4% for 1992. It was also pointed out that First Federal planned to pursue commercial lending upon conversion. The examination focused on three general areas:

- A. The commercial lease portfolio;
- B. The investment portfolio; and,
- C. The investments through limited partnerships.

These areas were determined to be non-problematic; however, it was pointed out to the Members that the institution presently has \$3,000,000 in limited partnerships, which exceeds the present 2% limitation in projects that are predominantly civic in nature.

An institution utilizing the conversion statute of IC 28-1-21.7-10, will have five years to wind down investments that would not otherwise conform to law. Mr. Cooper pointed out that there is a bill pending in the legislature which will extend the five year limitation to ten years, and it is the desire of First Federal to utilize this longer period of time. The recent report of examination of the applicant and the investigation by Department staff has concluded that the resulting mutual institution will be operated in a safe, sound, and prudent manner.

It was also determined by the staff that the proposed conversion will not result in a mutual bank that has inadequate capital, unsatisfactory management, or poor earnings prospects. The management was found to be qualified by character and financially responsible to operate in a legal and proper manner, the mutual bank proposed to be formed as a result of this conversion, and also that the interest of the depositors, creditors, and the public generally, will not be jeopardized by this conversion.

Director Phillips inquired as to whether the applicants tier one capital and their return on assets was high relative to other institutions and he was assured that this was the case. Chairman Hasten inquired as to who the limited partners were and the adequacy of their strength. Mr. Robert Fix responded by assuring Mr. Hasten that the partnerships had adequate cash flow.

Mr. Grant made a motion that the plan of mutual bank conversion be approved subject to the condition that the resulting mutual bank may retain the investments in the limited partnerships held by the savings association at the time of this conversion which may not be held by a mutual bank. These assets may not be held for longer than the maximum transitional period now or hereafter provided for by I.C. 28-1-21.7-12. The motion was seconded by Mr. Wolf, and unanimously approved. Finally, it was pointed out that this would be the first new mutual bank since the 1890's.

2) **The Dale State Bank, Dale, Spencer County, Indiana**

An application has been submitted to the Department for approval of the consolidation of The Dale State Bank, Dale; Farmers State Bank, Rockport; and Chrisney State Bank, Chrisney pursuant to the provisions of IC 28-1-7. All of the institutions are located in Spencer County, Indiana. The three banks plan to consolidate into a new, single bank to be known as "Lincolnland Bank," which will be located at 5 North Washington Street, Dale, Spencer County, Indiana, and will maintain five branches at the following locations:

1. Main Street, Box 665
Grandview, Spencer County, Indiana 47515
2. State Road 66, Box 6
Hatfield, Spencer County, Indiana 47617
3. 421 Main Street
Rockport, Spencer County, Indiana 47635
4. Highway 231, R.R.#1
Rockport, Spencer County, Indiana 47635
5. Main & Market Streets
Chrisney, Spencer County, Indiana 47611

Lincolnland Bank is the new corporation into which it has been agreed that the corporations which are parties to the agreement of consolidation shall be consolidated. The three banks are subsidiaries of Lincolnland Bancorp, Inc.. Bank Analyst Eric Roberts presented the application of the Dale State Bank, Dale, Indiana, for the proposed consolidation. Mr. Roberts explained the structural transaction and that all three institutions are well capitalized with satisfactory CAMEL and CRA ratings as of the date of their last examination. The shares of the bank will be held in total by the bank holding company. Upon motion by Mr. Leitch, and seconded by Mrs. Godme, the application was unanimously approved.

DIRECTOR'S COMMENTS AND REQUESTS

- A.) Consideration of a Department policy to establish accounting and auditing standards pursuant to IC 28-13-10-8. Mr. Charles Stumpf, Administrative Assistant, presented to the Members a proposed audit policy which is required pursuant to the passage of IC. 28-13-10-8, and which will take the place of our B-2 regulation, which has been repealed. Mr. Stumpf informed the Members that the CPA profession has been actively involved in the drafting of the policy. This policy which is made a part of these minutes, will result in a cost reduction for most banks. Mr. Grant made a motion that the Members adopt the policy and Vice-Chairman Wolf seconded the motion. The motion was unanimously approved.

- B.) A request was made by the Director to set supervisory fees for the Bank Division only (commercial and trust). Director Phillips presented a proposed fee schedule for bank and trust companies of which the schedule is attached and made a part of the minutes. Director Phillips pointed out that the proposed schedule does not have any fee changes for banks in general; however, there could be, depending upon the size of the trust department or trust company, an increase in trust fees. Mr. Leitch made a motion that we adopt the proposed fee schedule and Mrs. Godme seconded the motion. The motion was passed unanimously.
- C.) Harrison County Bank, Palmyra, Harrison County, Indiana
The bank notified the Department of their intent to form a subsidiary to be known as "HCB Insurance Agency, Inc.", Palmyra, Harrison County, Indiana, on March 9, 1993. The proposed subsidiary will be formed to solicit and write insurance as agent or broker for any insurance company authorized to do business in the State of Indiana, other than a life insurance company. This item was for informational purposes only.
- D.) The Director advised the Members of actions taken pursuant to delegated authority, a summary of which had been distributed to the Members and are now made a part of the minutes of our official record book.

BANK & TRUST DIVISION

- 1.) Tri-County Bank and Trust company, Roachdale, Putnam County, Indiana submitted a request to establish a branch banking office to be located at 224 East Main Street, Crawfordsville, Montgomery County, Indiana. The request was approved by the Director under delegated authority on March 18, 1993.
- 2.) The Farmers State Bank, New Ross, Montgomery County, Indiana submitted a request to establish a branch banking office to be located at the southwest corner of Franklin and Main Streets, Ladoga, Montgomery County, Indiana. The request was approved by the Director under delegated authority on March 26, 1993.
- 3.) Union Savings and Loan Association, Connersville, Fayette County, Indiana submitted a request to establish a branch banking office to be located at 500 West 30th Street, Connersville, Fayette County, Indiana. The request was approved by the Director under delegated authority on March 26, 1993.
- 4.) Midwest Commerce Banking Company, Elkhart, Elkhart County, Indiana has submitted a request to amend its Articles of Incorporation to provide for a change in the name of the Institution. The amendment will change the name of the bank to "NBD Bank." The request was approved by the Director under delegated authority on March 26, 1993.

CONSUMER CREDIT DIVISION

- 1.) A request for a pawnbroker license was submitted by Cash America Pawn of Indianapolis, Inc. The license is to be located in Indianapolis. Cash America is the largest pawnshop operator in the world with 226 stores in eight states and 26 stores in Great Britain. Cash America stock is traded on the New York Stock Exchange. The request was approved by the Director under delegated authority on April 1, 1993.

CREDIT UNION DIVISION

- 1.) Anderson Post Office Credit Union, Anderson, Madison County, Indiana submitted a request for approval of a Petition for Approval of Proposed amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Middletown Branch Post Office – Middletown – 8 members

The request was approved by the Director under delegated authority on March 3, 1993.

- 2.) Dekalb County Farm Bureau Cooperative Association Credit Union, Auburn Dekalb County, Indiana submitted a request for approval of an application to change the corporate name to Dekalb Financial Credit Union. The request was approved by the Director under delegated authority on March 10, 1993.

- 3.) Dow Employees Credit Union, Indianapolis, Marion County, Indiana submitted a request for approval of an application to establish a branch office inside the EDC Center of the Dow Elanco Building. The request was approved by the Director under delegated authority on March 19, 1993.

- 4.) Teachers Credit Union, South Bend, St. Joseph County, Indiana submitted a request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organization into the field of membership of the credit union:

Employees of Putnam County – Greencastle – 163 members
Costesville Christian Church – Coatesville – 130 members
Information Management Systems, Inc. – South Bend – 3 members
SPECK Enterprises, Inc. – Carmel – 5 members
Oakwood International – Mishawaka – 5 members
Simplified Computing – Mishawaka – 4 members
Corporate Staffing Resources – South Bend – 1,742 members
Microscope, Inc. – Mishawaka – 60 members
B.B. Huston, Inc. – Columbus – 6 members
Indiana Cooperative Library Services Authority – Indpls. – 32 members
Quality Aftermarket Man. & Dist., Inc. – Greencastle – 25 members
Cabbage Patch Day Care, Inc. – Indianapolis, 25 members

The request was approved by the Director under delegated authority on March 23, 1993.

- 5.) Perfect Circle Credit Union, Hagerstown, Wayne County, Indiana submitted a request for approval of a petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organization into the field of membership of the credit union:

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Amcast Industrial Corp. Meta-Mold Div. Plant 2 – Richmond – 75 members

The request was approved by the Director under delegated authority on March 25, 1993.

APPROVED:

ATTEST:

Mark Hasten, Chairman

J. Philip Goddard, Secretary